

MEMORANDUM

DATE: February 13, 2007

TO: All Members of the Delaware State Senate
and House of Representatives

FROM: Ms. Daniese McMullin-Powell
Chairperson
State Council for Persons with Disabilities

RE: S.B. 6 [Delaware Health Insurance Pool]

The State Council for Persons with Disabilities (SCPD) has reviewed S.B. 6 which would create a statewide health insurance purchasing pool to allow individuals and small businesses to obtain the most favorable premiums possible from the private insurance market. Specifically, the bill would create a State-subsidized insurance pool open to Delawareans who have resided in the State for at least 1 year (subject to \$50,000 income cap) and employees of small businesses in which 30% of employees make \$33,000 or less. The State would provide reinsurance as an incentive for insurer participation. The State would cover 90% of any losses by any policyholder exceeding \$30,000 for an individual or family during a fiscal year. A 5-person board would be established to administer the pool and approve one or more insurers to implement the program. Two benefit packages would be required. Any insurer administering the health insurance plan for State employees (currently Blue Cross and Coventry) would be required to submit a good faith bid for the pool. There would ostensibly be no pre-existing condition exclusions and there are limitations on reasons for termination. SCPD believes the proposed legislation would expand health insurance options to many uninsured Delawareans and facilitate small employer provision of health insurance to employees

SCPD strongly endorses S.B. 6 subject to the following caveat. The Council would prefer deletion of the one-year residency limit in Section 8102(e) since it may be unenforceable under federal law. See, e.g., Shapiro v. Thompson, 394 U.S. 618 (1969) and Saenz v. Roe, 526 U.S. 489 (1999) [Constitutional right to travel disallows state provision of different benefits to otherwise eligible state residents based on the duration of their residency]. By analogy, other State programs subsidizing health care are open to residents irrespective of the duration of residency. Compare, e.g., Delaware Prescription Assistance Program (Title 16 Del.C. §3004B); Hearing Aid Loan Program (Title 16 Del.C. Ch. 26A and 16 Admin Code 4100); and Chronic Renal Disease Program

(Title 29 Del.C. §§7932-7935 and 16 Admin Code 50000).

Thank you for your consideration and please contact SCPD if you have any questions regarding our position or recommendation on the proposed legislation.

cc: The Honorable Ruth Ann Minner
 The Honorable Matthew Denn
 Governor's Advisory Council for Exceptional Citizens
 Developmental Disabilities Council
 Ms. Connie Hughes, DANA

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